

1 SUPERIOR COURT OF CALIFORNIA  
2 COUNTY OF ORANGE, CENTRAL JUSTICE CENTER

**ELECTRONICALLY FILED**  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF ORANGE

04/03/2017  
08:19 AM

DAVID H. YAMASAKI, Clerk of the Court  
**17CF0797**

6 THE PEOPLE OF THE STATE OF CALIFORNIA, ) FELONY COMPLAINT  
7 ) WARRANT  
8 Plaintiff, )  
9 )  
10 vs. ) No.  
11 MICHAEL JEROME HENRY 03/11/56 ) OCDA WC16070011  
12 N2041028 ) OCDA WC15040015  
13 ) OCDA HF12110001  
14 )  
15 Defendant(s))

14 The Orange County District Attorney charges that in Orange  
15 County, California, the law was violated as follows:

16 COUNT 1: On or about and between April 28, 2014 and June 11,  
17 2015, in violation of Section 550(a)(6) of the Penal Code  
18 (CONSPIRACY TO COMMIT MEDICAL INSURANCE FRAUD), a FELONY,  
19 MICHAEL JEROME HENRY did unlawfully conspire with TANYA MORELAND  
20 KING AND CHRISTOPHER KING AND OTHER UNKNOWN INDIVIDUALS, with  
21 the intent to defraud, to make a false and fraudulent claim to  
22 WORKERS COMPENSATION INSURANCE CARRIERS IN CALIFORNIA for  
23 payment of a health care benefit in an amount exceeding nine  
24 hundred fifty dollars (\$950). It is further alleged that  
25 pursuant to and for the purpose of carrying out the objects and  
26 purposes of the conspiracy, one and more of the conspirators  
27 committed the following overt acts:

24 OVERT ACT 1

26 On or about April 28, 2014, Defendant Michael Henry M.D.,  
27 entered into an agreement with Tanya Moreland King, Christopher  
28 King and their companies King Medical Management Inc. and  
Monarch Medical Group Inc

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OVERT ACT 2

King Medical Management formulated and paid for a 3-day supply of the compound transdermal creams manufactured by Steven's Pharmacy, located in Costa Mesa, in the County of Orange, and arranged for Steven's Pharmacy to ship these creams to Defendant Michael Henry, M.D., at his Clinic Rehabilitation Management System.

OVERT ACT 3

Defendant Michael Henry, M.D., prescribed the transdermal compound creams manufactured by Steven's Pharmacy to his workers' compensation patients.

OVERT ACT 4

Defendant Michael Henry did not customize these compound transdermal creams to each workers' compensation patient and used the formula given to him by Monarch Medical Group.

OVERT ACT 5

Defendant Michael Henry, M.D., then provided the billing information for each workers' compensation patient to King Medical Management Inc. to bill for the dispensing of these creams from his office.

OVERT ACT 6

King Medical Management Inc. billed workers compensation carriers in excess of \$200 per cream even though the cream only cost \$16.

OVERT ACT 7

King Medical Management Inc., gave Defendant Michael Henry, M.D. \$50 for each 3-day supply of the compound transdermal cream distributed to his workers' compensation patients.

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OVERT ACT 8

In return for the money he received from the billing on the 3-day supply of the transdermal creams, Defendant Michael Henry, M.D., was also required to write a prescription for the 30-day supply of transdermal compound creams which were shipped to his workers' compensation patients by Steven's Pharmacy in Costa Mesa, located in the County of Orange.

OVERT ACT 9

In order to give the appearance of legitimacy of the compounded transdermal creams that he prescribed to his patients, on 1/20/15 he signed a letter that Monarch Medical Group provided to him, which he did not prepare himself, purporting to give instructions to the pharmacy and customize the formula for the compound creams.

OVERT ACT 10

Monarch Medical Group then billed the workers' compensation insurance carriers well in excess of \$700 for each compounded transdermal cream that was shipped by Steven's Pharmacy, located in Costa Mesa, to each of Defendant Michael Henry's patients, and cost Monarch Medical Management only \$60 per compound cream to manufacture.

OVERT ACT 11

Defendant Michael Henry also entered into an agreement with Monarch Medical Group and One Source Labs Inc., in which he agreed to prescribe Urine toxicology Drug testing to his workers' compensation patients in return for financial consideration.

OVERT ACT 12

Monarch Medical Group purchased Active Medicated Specimen collection kits from NuCare Pharmaceuticals Inc., located in the City of Orange, County of Orange and shipped the kits to Defendant Michael Henry, M.D.

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OVERT ACT 13

Defendant Michael Henry, ordered Urine Toxicology Test for his patients at his clinic, and regardless of the "Point of Care" toxicology test results, referred the test for a quantitative test to One Source Labs per his agreement with Monarch Medical Group.

OVERT ACT 14

Monarch Medical Group then billed workers' compensation insurance carriers for the "Point of Care" toxicology test that was performed at the clinic, and gave \$100 for each claim to Dr. Michael Henry.

OVERT ACT 15

In return for the payment on the "Point of Care" toxicology tests, Defendant Michael Henry then permitted One Source Labs to do quantitative tests on all Urine samples submitted by the workers' compensation patients, regardless of medical necessity or test results.

OVERT ACT 16

One Source Labs then billed workers compensation carriers in excess of \$700 for these qualitative tests.

OVERT ACT 17

Between 6/11/14 and 6/11/15, Monarch Medical Group and King Medical Management paid Defendant Michael Henry, M.D. in excess of \$37,000 and at least one of those payments was for \$600 on 3/12/15 by check # 6583 for "February Active Kits."

COUNT 2: On or about and between May 20, 2015 and June 11, 2015, in violation of Section 549 of the Penal Code (FALSE AND FRAUDULENT CLAIM), a FELONY, MICHAEL JEROME HENRY did unlawfully solicit, accept, and refer business to and from KING MEDICAL MANAGEMENT INC. AND ONE SOURCE LABS INC, with the knowledge that, and with reckless disregard for whether KING MEDICAL MANAGEMENT INC. AND ONE SOURCE LABS INC intended to violate Penal Code section 550 and Insurance Code section 1871.4.(URINE TOXICOLOGY)

1 COUNT 3: On or about and between April 28, 2014 and June 11,  
2 2015, in violation of Section 549 of the Penal Code (FALSE AND  
3 FRAUDULENT CLAIM), a FELONY, MICHAEL JEROME HENRY did unlawfully  
4 solicit, accept, and refer business to and from KING MEDICAL  
5 MANAGEMENT INC. AND MONARCH MEDICAL GROUP INC, with the  
6 knowledge that, and with reckless disregard for whether KING  
7 MEDICAL MANAGEMENT INC. AND MONARCH MEDICAL GROUP INC intended  
8 to violate Penal Code section 550 and Insurance Code section  
9 1871.4.(COMPOUND TRANSDERMAL CREAMS FROM STEVEN'S PHARMACY)

10 COUNT 4: On or about and between May 20, 2015 and June 11,  
11 2015, in violation of Section 650 of the Business & Professions  
12 Code (REBATES FOR PATIENT REFERRALS), a FELONY, MICHAEL JEROME  
13 HENRY, a person licensed under the Healing Arts Division of this  
14 Code and the Chiropractic Initiative Act, did unlawfully offer,  
15 deliver, receive, and accept any rebate, refund, commission,  
16 preference, patronage dividend, discount, and other  
17 consideration as compensation and inducement for referring  
18 patients, clients, and customers to TANYA MORELAND KING AND HER  
19 BUSINESS ONE SOURCE LABS AND KING'S MEDICAL MANAGEMENT INC.

20 COUNT 5: On or about and between April 28, 2014 and June 11,  
21 2015, in violation of Section 650 of the Business & Professions  
22 Code (REBATES FOR PATIENT REFERRALS), a FELONY, MICHAEL JEROME  
23 HENRY, a person licensed under the Healing Arts Division of this  
24 Code and the Chiropractic Initiative Act, did unlawfully offer,  
25 deliver, receive, and accept any rebate, refund, commission,  
26 preference, patronage dividend, discount, and other  
27 consideration as compensation and inducement for referring  
28 patients, clients, and customers to STEVEN'S PHARMACY AND TANYA  
MORELAND KING AND HER BUSINESS MONARCH MEDICAL GROUP INC.

COUNT 6: On or about and between May 23, 2014 and January 15,  
2015, in violation of Section 550(b)(3) of the Penal Code  
(INSURANCE FRAUD), a FELONY, MICHAEL JEROME HENRY, with the  
intent to defraud, did unlawfully conceal and knowingly fail to  
disclose, and did knowingly assist with another person to  
conceal and fail to disclose the occurrence of an event and a  
fact that affected the initial and continued material right and  
entitlement of AIG to an insurance benefit and payment, and to  
the amount of a benefit and payment to which AIG was entitled,  
namely: DEFENDANT HAD A FINANCIAL INTEREST AND RECEIVED  
FINANCIAL INCENTIVES WHEN HE PRESCRIBED COMPOUND CREAMS TO HIS  
WORKERS COMPENSATION PATIENTS.

1 COUNT 7: On or about and between June 04, 2014 and January 19,  
2 2015, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, MICHAEL JEROME HENRY, with the  
4 intent to defraud, did unlawfully conceal and knowingly fail to  
5 disclose, and did knowingly assist with another person to  
6 conceal and fail to disclose the occurrence of an event and a  
7 fact that affected the initial and continued material right and  
8 entitlement of FARMERS to an insurance benefit and payment, and  
9 to the amount of a benefit and payment to which FARMERS was  
entitled, namely: DEFENDANT HAD A FINANCIAL INTEREST AND  
RECEIVED FINANCIAL INCENTIVES WHEN HE ORDERED THE URINE  
TOXICOLOGY TESTS, AND PRESCRIBED COMPOUND CREAMS TO HIS WORKERS  
COMPENSATION PATIENTS.

10 COUNT 8: On or about and between August 14, 2014 and October  
11 23, 2014, in violation of Section 550(b)(3) of the Penal Code  
12 (INSURANCE FRAUD), a FELONY, MICHAEL JEROME HENRY, with the  
13 intent to defraud, did unlawfully conceal and knowingly fail to  
14 disclose, and did knowingly assist with another person to  
15 conceal and fail to disclose the occurrence of an event and a  
16 fact that affected the initial and continued material right and  
17 entitlement of LIBERTY MUTUAL INSURANCE COMPANY to an insurance  
18 benefit and payment, and to the amount of a benefit and payment  
19 to which LIBERTY MUTUAL INSURANCE COMPANY was entitled, namely:  
20 DEFENDANT HAD A FINANCIAL INTEREST AND RECEIVED FINANCIAL  
21 INCENTIVES WHEN HE ORDERED THE URINE TOXICOLOGY TESTS, TO HIS  
22 WORKERS COMPENSATION PATIENTS.

23 COUNT 9: On or about and between May 19, 2014 and March 02,  
24 2015, in violation of Section 550(b)(3) of the Penal Code  
25 (INSURANCE FRAUD), a FELONY, MICHAEL JEROME HENRY, with the  
26 intent to defraud, did unlawfully conceal and knowingly fail to  
27 disclose, and did knowingly assist with another person to  
28 conceal and fail to disclose the occurrence of an event and a  
fact that affected the initial and continued material right and  
entitlement of STATE COMPENSATION INSURANCE FUND to an insurance  
benefit and payment, and to the amount of a benefit and payment  
to which STATE COMPENSATION INSURANCE FUND was entitled, namely:  
DEFENDANT HAD A FINANCIAL INTEREST AND RECEIVED FINANCIAL  
INCENTIVES TO ORDER URINE TOXICOLOGY TESTS GIVEN TO HIS WORKERS'  
COMPENSATION PATIENTS.

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1 COUNT 10: On or about and between May 30, 2014 and May 03,  
2 2015, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, MICHAEL JEROME HENRY, with the  
4 intent to defraud, did unlawfully conceal and knowingly fail to  
5 disclose, and did knowingly assist with another person to  
6 conceal and fail to disclose the occurrence of an event and a  
7 fact that affected the initial and continued material right and  
8 entitlement of TRAVELERS INSURANCE to an insurance benefit and  
9 payment, and to the amount of a benefit and payment to which  
10 TRAVELERS INSURANCE was entitled, namely: DEFENDANT HAD A  
11 FINANCIAL INTEREST AND RECEIVED FINANCIAL INCENTIVES TO ORDER  
12 THE URINE TOXICOLOGY TESTS AND PRESCRIBE COMPOUND CREAMS TO HIS  
13 WORKERS COMPENSATION PATIENTS.

14 COUNT 11: On or about and between May 22, 2014 and February 27,  
15 2015, in violation of Section 550(b)(3) of the Penal Code  
16 (INSURANCE FRAUD), a FELONY, MICHAEL JEROME HENRY, with the  
17 intent to defraud, did unlawfully conceal and knowingly fail to  
18 disclose, and did knowingly assist with another person to  
19 conceal and fail to disclose the occurrence of an event and a  
20 fact that affected the initial and continued material right and  
21 entitlement of YORK RISK SERVICE GROUP to an insurance benefit  
22 and payment, and to the amount of a benefit and payment to which  
23 YORK RISK SERVICE GROUP was entitled, namely: DEFENDANT HAD A  
24 FINANCIAL INTEREST AND RECEIVED FINANCIAL INCENTIVES WHEN HE  
25 ORDERED URINE TOXICOLOGY TESTS, AND PRESCRIBED COMPOUND CREAMS  
26 TO HIS WORKERS COMPENSATION PATIENTS.

27 COUNT 12: On or about and between April 29, 2014 and February  
28 23, 2015, in violation of Section 550(b)(3) of the Penal Code  
(INSURANCE FRAUD), a FELONY, MICHAEL JEROME HENRY, with the  
intent to defraud, did unlawfully conceal and knowingly fail to  
disclose, and did knowingly assist with another person to  
conceal and fail to disclose the occurrence of an event and a  
fact that affected the initial and continued material right and  
entitlement of ZURICH to an insurance benefit and payment, and  
to the amount of a benefit and payment to which ZURICH was  
entitled, namely: DEFENDANT HAD A FINANCIAL INTERST AND RECEIVED  
FINANCIAL INCENTIVES WHEN HE ORDERED URINE TOXICOLOGY TESTS, AND  
PRESCRIBED COMPOUND CREAMS TO HIS WORKERS COMPENSATION PATIENTS.

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I declare under penalty of perjury, on information and belief,  
that the foregoing is true and correct.

Dated 04-03-2017 at Orange County, California.  
KS/AC 17F00356

TONY RACKAUCKAS, DISTRICT ATTORNEY

by: /s/ SHADDI KAMIABIPOUR  
SHADDI KAMIABIPOUR, Deputy District Attorney

RESTITUTION CLAIMED

- None
- \$ \_\_\_\_\_
- To be determined

BAIL RECOMMENDATION:

MICHAEL JEROME HENRY - \$ 30,000.00

NOTICES:

The People request that defendant and counsel disclose, within 15 days, all of the materials and information described in Penal Code section 1054.3, and continue to provide any later-acquired materials and information subject to disclosure, and without further request or order.

Pursuant to Welfare & Institutions Code §827 and California Rule of Court 5.552, notice is hereby given that the People will seek a court order to disseminate the juvenile case file of the defendant/minor, if any exists, to all parties in this action, through their respective attorneys of record, in the prosecution of this case.